

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

XMB-02 /112 W

----- 060426

R 250633Z AUG 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 2312

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

AMCONSUL HONG KONG

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GENEVA FOR PHELAN

E.O. 11652: N/A

TAGS: ETRA EEC KS

SUBJECT: EC-ROK TEXTILE NEGOTIATIONS

REF: (A) EC BRUSSELS 7158 (B) SEOUL 2882

SUMMARY: EC HAS IMPOSED UNILATERAL IMPORT RESTRICTIONS ON EIGHT CATEGORIES OF TEXTILE IMPORTS FROM KOREA UNDER MFA ARTICLE 3, EFFECTIVE AUGUST 18. HOWEVER, ROKG CLAIMS IT STILL HOPEFUL COMPREHENSIVE AGREEMENT UNDER MFA ARTICLE 4 CAN BE REACHED. END SUMMARY.

1. IN DISCUSSION ON STATUS EC-ROK TEXTILE TALKS, LEE KI JOO, CHIEF, COMMERCE DIVISION II, MINISTRY OF FOREIGN AFFAIRS, CONFIRMED LOCAL PRESS REPORTSTHAT

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EC HAS INTRODUCED UNILATERAL RESTRICTIONS ON

IMPORTS FROM ROK COVERING EIGHT TEXTILE CATEGORIES.

ACTION WAS TAKEN UNDER ARTICLE 3 OF MULTIFIBER AGREEMENT (MFA), EFFECTIVE AUGUST 18. HOWEVER, LEE SAID BOTH ROK AND EC ARE STILL HOPEFUL OF CONCLUDING A COMPREHENSIVE AGREEMENT UNDER ARTICLE 4 AND HE THOUGHT IT LIKELY THAT TWO SIDES WOULD AGREE TO RESUME TALKS, PROBABLY IN SEPTEMBER.

2. CATEGORIES UNILATERALLY RESTRICTED ARE IDENTIFIED BY EX NUMBERS WHICH WE UNDERSTAND ARE EC TARIFF NUMBER DESIGNATIONS CORRESPONDING CLOSELY TO BTN SERIES. RESTRICTIONS ON THREE CATEGORIES, EX 6004, 6005 AND 6103 APPLY TO ENTIRE EC. RESTRICTIONS FOR OTHER FIVE CATEGORIES APPLY ONLY TO IMPORTS OF INDIVIDUAL COUNTRIES OR GROUP OF COUNTRIES AS FOLLOWS: EX 5104, UK; EX 5605, FRG; EX 6101, FRG; EX 6102, BENELUX COUNTRIES; EX 6104, IRELAND. THIS LATTER GROUP OF RESTRICTIONS ARE IMPOSED AS AN EC ACTION, NOT AS ACTIONS OF INDIVIDUAL GOVERNMENTS.

3. LEE SAID EC PROVIDED SOME MATERIALS TO ESTABLISH CLAIMS OF MARKET DISRUPTION, BUT ROK CONSIDERS MATERIALS TO BE VERY INADEQUATE. PRELIMINARY ROK ANALYSIS INDICATES THESE UNILATERAL RESTRICTIONS COVER ABOUT 40 PERCENT OF CURRENT ROK TEXTILE EXPORTS TO EC.

4. AS REPORTED REF (B), LEE HAD EARLIER TOLD EMBASSY THAT EC PROPOSALS FOR COMPREHENSIVE AGREEMENT COVERED ABOUT 95 PERCENT OF KOREAN TEXTILE EXPORTS TO EC. ACCORDING LEE, EC HAS SUBSEQUENTLY REARRANGED PROPOSALS TO GROUP ITEMS INTO ELEVEN CATEGORIES RATHER THAN ORIGINAL 24, BUT HE MAINTAINED THAT IT IS JUST DIFFERENT WAY OF GROUPING ITEMS AND WOULD STILL COVER APPROXIMATELY SAME PERCENTAGE OF CURRENT TRADE. HE CONCEDED THAT NEITHER SIDE HAS MOVED VERY FAR FROM ORIGINAL POSITIONS IN FOUR SERIES OF MEETINGS TO DATE, BUT CLAIMED TO BE HOPEFUL AGR-

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EEMENT COULD STILL BE REACHED. IN RESPONSE TO QUERY RE PRESS REPORTS THAT ROK PREPARED TAKE ISSUE TO TSB, LEE SAID ROK WOULD DO SO ONLY AS LAST RESORT AND STILL THOUGHT THAT COULD BE AVOIDED.

5. IN RELATED MATTER, LEE SAID ROK'S CONSULATE GENERAL IN HONG KONG HAS REPORTED THAT HONG KONG TEXTILE INDUSTRY IS VERY UNHAPPY WITH SOME OF

PROVISIONS IN RECENTLY CONCLUDED HONG KONG-EC
TEXTILE AGREEMENT. HE WAS NOT SURE WHICH PROVISIONS
WERE INVOLVED, BUT HE THOUGHT IT CENTERED AROUND
SOME LEVELS FOR FIRST YEAR WHICH INDUSTRY CONSIDERS
UNDULY RESTRICTIVE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, AGREEMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SEOUL06516
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750293-0435
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750821/aaaaasbo.tel
Line Count: 121
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 EC BRUSSELS 7158, 75 SEOUL 2882
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 18 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 APR 2003 by CunninFX>; APPROVED <06 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC-ROK TEXTILE NEGOTIATIONS
TAGS: ETRD, KS, US, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006